MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

DFA5024 – FINANCIAL ACCOUNTING 2

(All sections / Groups)

22 FEBRUARY 2023
9.00 a.m. to 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 5 Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Part A

Onn owns Shinee Hair, which sells various types of hair products to customers in Malaysia. He uses the perpetual system to record the shop's inventory. Assume that the beginning inventory was RM4,140. During January 2023, the following transactions occurred:

Jan 6	Purchased hair serum and intensive treatment for RM3,780 from Pure Lab, FOB destination, terms 2/15, n/45. The appropriate party also made a cash payment of RM70 for freight on this date.
9	Sold oily scalp shampoos and conditioners to QQ Shop for RM2,400, FOB shipping point, terms 2/10, n/30. The cost was RM1,400. The appropriate party also made a cash payment of RM50 for freight on this date.
11	Received credit from Pure Lab for hair serum returned, RM680.
12	Issued credit memo of RM500 to QQ Shop for the return of shampoos with wrong labels. The shampoos have a cost of RM280.
19	Received payment from QQ Shop.
24	Purchased new furniture and fittings for cash RM570.
27	Paid the amount due to Pure Lab.
31	The inventory on hand was determined as RM6,900 through a physical count.

Required

(a) Journalise the January transactions including the necessary adjusting entry for inventory. (11 marks)

(b) Post the related journal entries to the Inventory T-account. (3.5 marks)

Part B

Presented below is information for Rexxy Sports for the year ended 31 December 2022.

Administrative and selling expenses	RM24,530
Cost of goods sold	121,870
Interest revenue	3,280
Loss on sale of equipment	7,100
Sales discounts	9,080
Sales revenue	203,100

Required

Prepare the multiple-step Statement of Profit or Loss. (5.5 marks)

(Total: 20 marks)

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QUESTION 2

Subra has a small sundry shop, SS Minimart, in Ayer Keroh. He is not aware that he should keep proper books of account, but could provide a summary of the sundry shop's bank and cash transactions for the year ended 31 December 2022 as below:

Receipts

- ***Receipts from debtors***: Cash RM15,990; Bank RM83,720
- ***Cash sales***: Cash RM3,770

Payments

- ***Payments to creditors***: Cash RM15,340; Bank RM52,000
- ***Salaries***: Cash RM10,790; Bank RM17,550
- ***Rent***: Bank RM4,290
- ***Drawings***: Cash RM3,900; Bank RM7,800

The following additional information is available:

	31 Dec 2021	31 Dec 2022
Cash	RM12,930	RM2,660
Bank	11,570	13,650
Inventory	21,840	18,850
Accounts receivable for goods	27,690	24,700
Accounts payable for goods	33,020	26,260
Prepaid rent	1,300	1,430
Salaries owing	5,460	3,120
Office equipment (net book value)	11,050	8,060

Required

(a) Prepare the T-account for:
  (i) Accounts receivable control account to determine credit sales. (2.5 marks)
  (ii) Accounts payable control account to determine purchases. (2.5 marks)

(b) Prepare the Statement of Profit or Loss. You are required to show the workings for any prepayments or accruals. (7 marks)

(c) Assume beginning capital was RM47,900. Prepare the Statement of Financial Position. (8 marks)

(Total: 20 marks)

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QUESTION 3

Part A

At 1 January 2022, the Trial Balance of Teleqom Sdn. Bhd. contained the following amounts before adjustment: Accounts receivable RM231,000 and Allowance for Doubtful Accounts RM9,700.

Required

(a) Based on the information given, which method of accounting for bad debts is Teleqom Sdn. Bhd. using? Why? (1.5 marks)

(b) On 5 May, RM12,000 of the accounts receivable is determined to be uncollectible. Prepare the journal entry to write off the uncollectible account. (1.5 marks)

(c) On 23 July, the company collects RM8,000 subsequently on a specific account that had previously been determined to be uncollectible in (b). Prepare the necessary journal entries to restore the account and record the cash collection. (2 marks)

(d) Prepare the T-account for Allowance for Doubtful Accounts if the aging schedule indicates that 5% of accounts receivable will be uncollectible. (3 marks)

(e) Prepare the adjusting entry to record the bad debt expense for year 2022. (1 mark)

(f) What is the net realisable value of the receivables at 31 December 2022? (1.5 marks)

Part B

Uptown Manufacturing had the following selected transactions in 2021 and 2022:

2021 Jul 1	Accepted Venna Enterprise's 8-month, 10% note in settlement of a RM30,000 account receivable.
Sep 1	Loaned RM12,000 cash to Winston on a 5-month, 12% note.
Dec 31	Accrued interest on all notes receivable.
2022 Feb 1	Winston dishonoured its note but expected to be collected six months later.
Mar 1	Received payment in full from Venna Enterprise.

Required

Journalise the above transactions. Show the calculations for interest. (9.5 marks)

(Total: 20 marks)

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QUESTION 4

Part A

Xpeed Transportation purchased three used vans recently. Information concerning the vans is summarised below:

Van	Acquired	Cost (RM)	Residual value (RM)	Useful life (years)	Depreciation method
1	1 May 2019	76,800	1,800	5	Straight-line
2	1 Jul 2020	96,000	8,000	4	Declining-balance
3	1 Jan 2021	54,000	6,000	3	Units-of-activity

Van 3 is expected to be driven 80,000 km over its useful life. Actual distance driven were 26,000 km in 2021 and 34,000 km in 2022.

Required

(a) Compute each van's depreciation expense for the year indicated:
- (i) Van 1 for 2019. (3 marks)
- (ii) Van 2 for 2020 and 2021 (4.5 marks)
- (iii) Van 3 for 2022. (3 marks)

(b) Prepare the journal entry to record depreciation for (a)(iii). (1.5 marks)

Part B

On 1 January 2023, Yongli Resources purchased Equipment Z12 for RM30,400. Related expenditures included sales tax RM1,300, shipping cost RM120, insurance during shipping RM60, installation and testing costs RM100, annual fire insurance RM1,400 and RM200 of oil and lubricants to be used with the equipment during its first year of operations.

Required

(a) Determine the acquisition cost of Equipment Z12. (3.5 marks)

(b) Journalise the purchase of Equipment Z12. (2.5 marks)

(c) Briefly explain the difference between revenue expenditures and capital expenditures. (2 marks)

(Total: 20 marks)

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QUESTION 5

A comparative Statements of Financial Position for Zocro Bhd. is presented below:

Zocro Bhd.
Comparative Statements of Financial Position as at 31 December

	2022 RM	2021 RM
Assets		
Property, Plant and Equipment		
Land	306,000	378,000
Machinery	151,200	129,600
Less: Accumulated depreciation – Machinery	(43,200)	(28,100)
Current Assets		
Inventory	75,600	50,400
Accounts receivable	57,600	36,000
Cash	69,100	42,500
Total assets	**RM616,300**	**RM608,400**
Equity and Liabilities		
Equity		
Share capital – Ordinary	414,000	360,000
Retained earnings	82,500	79,800
Non-current Liabilities		
Bonds payable	90,000	126,000
Current Liabilities		
Accounts payable	29,800	42,600
Total equity and liabilities	**RM616,300**	**RM608,400**

Additional information:

1. Net profit was RM15,300.
2. Machinery with a cost of RM32,400 and accumulated depreciation of RM21,600 was sold for RM8,400 cash.
3. Additional machinery was acquired by issuing ordinary shares of RM1 par value.
4. Land was sold for cash at a gain of RM9,000. This was the only land transaction during the year.
5. Cash dividends of RM12,600 was declared and paid in 2022.

Required

Prepare a Statement of Cash Flows for 2022 using the indirect method. (20 marks)

(Total: 20 marks)

End of Paper